Anomalies in guidelines for recovery of NPAs

3290. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the guidelines issued by the Reserve Bank of India regarding Non-Performing Assets are applicable only to the Public Sector Banks and not to the Private Sector Banks;

(b) whether such inconsistency is leading to Banks working at cross purposes, thereby putting the Public Sector Banks to disadvantage *vis-a-vis* the Private Sector Banks in the matter of recovery of outstanding loans; and

(c) if so, the details in this regard and how this anomaly is proposed to be remedied?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) The guidelines issued by Reserve Bank of India (RBI) regarding non-performing assets (NPAs) are applicable to all scheduled commercial banks including both public sector banks and private sector banks. All banks are also free to formulate their own compromise and settlement policy. RBI has issued guidelines to all public sector banks in January, 2003, to provide for a simplified, non-discretionary and non-discriminatory mechanism for compromise settlement of chronic NPAs upto Rs. 10.00 crore. This scheme was formulated by RBI not as regulator, but on behalf of Government and hence it was confined to public sector banks only.

Gramin Bank in Betul district, M.P.

3291. SHRI KAILASH JOSHI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the details of districts in Madhya Pradesh where there is no Gramin Bank functioning;

(b) whether Government have a proposal to start a Gramin Bank in Betul district in view of concentration of majority Scheduled Tribes population; and

(c) by when the Bank is likely to be started together with the details of schedule bank by whom it is likely to be sponsored?

(d) THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) All districts except Betul district have been covered by the Regional Rural Banks (RRBs) in the State of Madhya Pradesh.

(b) and (c) There is no proposal at this stage to set up an RRB in Betul district.

Meeting of 12th Finance Commission

3292. SHRI GHULAM NABI AZAD: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the 12th Finance Commission held a meeting with economists and economic administrators on some of the key issues, in February, 2003;

(b) if so, details of the issues discussed; and

(c) the outcome of the the discussions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) and (c) It is the practice of Finance Commissions to elicit views of economists and economic administrators on current issues concerning inter-governmental resource transfers. Some of the issues discussed were the criteria for sharing of resources between the Centre and States, implication of the gap filling approach for giving grants-in-aid, relative merits of alternative methodologies of projections, the criteria for determining transfer of resources to local bodies and the implication of the introduction of VAT at state level. The pros and cons of the Medium Term Fiscal Reform Programme and of conditional versus unconditional grants were some of the other aspects which were deliberated upon.

Tax free bonds of UTI

3293. SHRI LALIT SURI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that UTI has announced 6.75% tax free bonds to US-64 unit holders w.e.f. 1st June, 2003;

(b) whether it is also a fact that US-64 unit holders of 'A' Category